

**Proposed additions to the rule are underlined and colored red.**

**Title 12—DEPARTMENT OF REVENUE  
Division 10—Director of Revenue  
Chapter 103—Sales/Use Tax—Imposition of Tax  
PROPOSED RULE**

**12 CSR 10-103.555 Determining Taxable Gross Receipts**

*PURPOSE: Section 144.021, RSMo, imposes a tax on a seller's gross receipts. This rule provides guidance for reporting gross receipts.*

(1) In general, all gross receipts resulting from the sale of tangible personal property and taxable services should be reported to the department. When filing a return, the taxpayer should deduct non-taxable receipts from gross receipts to arrive at taxable sales.

(2) Definitions.

(A) Gross receipts—the total amount of the sale price of taxable services and tangible personal property including any services, other than charges incident to the extension of credit, that are a part of such sale and are capable of being valued in money, whether received in money or otherwise.

(B) Rebate—a return of part of an amount given in payment.

(C) Taxable sales—the total amount of gross receipts plus or minus any adjustments permitted or required by law.

(3) Basic Application of Tax.

(A) Tax is imposed on the total amount of the sale price received for the sale of tangible personal property and taxable services. The total amount of each sale should be reported as gross receipts even if the seller separately states to the customer the various components of the sale. Exempt sales should be deducted from gross receipts to arrive at taxable sales. Tax collected as a part of a sale should not be included in gross receipts.

(B) When a taxpayer receives consideration other than money, the full market value of the item exchanged should be included in gross receipts.

(C) When the taxpayer accepts third party coupons, the total sale price includes the value of the coupon. When the taxpayer accepts third party coupons along with food stamps, the value of the food stamps is not included in taxable sales, but the value of the coupon is included in taxable sales.

(D) The value of a coupon issued by the seller is not included in taxable sales.

(E) Rebates from sellers or manufacturers do not reduce taxable sales, except for rebates on motor vehicles, boats, trailers and out-board motors.

(F) A taxpayer accepting an article in trade as a credit or part payment on the purchase price should include the value of the article in gross receipts. The value of the article should be deducted from gross receipts when calculating taxable sales.

(G) Money received in advance, such as down payments, lay-aways or gift certificates, are not included in gross receipts until the sale has been consummated.

(H) Charges to customers for the extension of credit, such as late fees or financing charges are excluded from gross receipts.

(I) A seller's expenses associated with utilizing the service of credit card companies are not excluded from gross receipts.

(J) If the taxpayer's inventory is stolen or destroyed by fire or other casualty, the insurance receipts are not subject to tax and should not be included in gross receipts.

(K) When tangible personal property is subject to a federal manufacturer's excise tax imposed by sections 4041, 4061, 4071, 4081, 4091, 4161, 4181, 4251, 4261, or 4271 of Title 26, United States Code, the amount of the tax is not included in gross receipts if the retail seller collects and remits the amount of the excise tax from the purchaser.

(L) Gross receipts from the sale of cigarettes do not include the amount of the sale price that represents the state tax on the cigarettes under Chapter 149, RSMo. Gross receipts from the sale of other tobacco products include the amount of the sale price that represents the state tax on the other tobacco products under Chapter 149, RSMo. Local cigarette taxes authorized by law to be paid in the manner of the state tax under Chapter 149, RSMo, are not included in gross receipts. All other local cigarette taxes are included in gross receipts.

#### (4) Examples.

(A) A grocery store accepts manufacturer's coupons from its customers on purchases of various goods. The store sells aluminum foil for \$1.50. The customer presents to the store a \$.50 manufacturer's coupon and pays the remaining balance of \$1.00. The store submits the \$.50 coupon to the manufacturer for payment of the \$.50. The gross receipts from the sale of the aluminum foil are \$1.50 and total taxable sales are \$1.50. Tax should be charged on \$1.50.

(B) On Tuesdays, the same grocery store in Example (A) doubles all manufacturers' coupons. The store then receives \$.50 from the customer and \$.50 from the manufacturer. Gross receipts are \$1.00, and total taxable sales are \$1.00. Tax should be charged on \$1.00.

(C) An appliance manufacturer offers a \$100 cash rebate on an \$800 refrigerator. The store selling the refrigerator should charge tax on \$800. Tax is due on \$800, whether the rebate is received by the customer at the time of purchase or a later date.

(D) A furniture retailer allows customers to "layaway" their purchases until they have paid the full sale price. When the customer has paid the full sale price, the retailer completes the sale and transfers the furniture to the customer. The furniture dealer should not include the layaway amount in its gross receipts until the sale is complete. At that time the total sale price should be reported as gross receipts.

(E) A construction company purchases a new bulldozer. The equipment dealer agrees to sell it a new machine for \$50,000 and give a trade-in allowance of \$10,000 for the old one. The equipment dealer should report \$50,000 in gross receipts. The equipment dealer should then deduct the \$10,000 trade-in value to arrive at taxable sales.

(F) A retailer sells a chair for \$100 to a customer who uses his credit card to pay for the purchase. The seller should charge tax on the full \$100 sales price of the chair. The seller should report \$100 in gross receipts, even though it must pay the credit card company a transaction fee.

(G) A retailer ordinarily sells Brand X cigarettes for \$4 per pack. The manufacturer of Brand X cigarettes agrees to a "buy-down" with the retailer. Under the buy-down agreement, the manufacturer will reimburse the retailer fifty cents per pack if the retailer sells the cigarettes for \$3.50 for a month. The gross receipts from the sales of Brand X cigarettes are \$4 per pack, which includes the buy-down, less any amount attributable to the state tax imposed pursuant to Chapter 149, RSMo.

(H) A retailer ordinarily sells Brand X cigarettes for \$4 per pack. The manufacturer of Brand X cigarettes agrees with the retailer to reduce the price to the retailer by fifty cents per pack if the retailer sells the cigarettes for \$3.50. The gross receipts from the sales of Brand X cigarettes are \$3.50 per pack, less any amount attributable to the state tax imposed pursuant to Chapter 149, RSMo.

*AUTHORITY: section 144.270, RSMo 1994. Original rule filed Aug. 21, 2000.*

*PUBLIC COST: This proposed rule will not cost state agencies or political subdivisions more than \$500 in the aggregate.*

*PRIVATE COST: This proposed rule will not cost private entities more than \$500 in the aggregate.*

*NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in support of or in opposition to this proposed rule with the Department of Revenue, Office of Legislation and Regulations, P.O. Box 629, Jefferson City, MO 65105. To be considered, comments must be received within thirty days after publication of this notice in the **Missouri Register**. No public hearing is scheduled.*